

Quality Assurance Subcommittee Performance Standards Recommendations to: DHFS & IMAC

Charge

Develop performance standards recommendations for consideration by IMAC and DHFS for the 2004 IM contract. Standards identified for consideration are:

- Food Stamp payment accuracy, sanction and bonus
- Food Stamp denial/termination accuracy
- Food Stamp program participation
- Food Stamp application processing timeliness
- Food Stamp and Medicaid/BadgerCare benefit recovery (not contained in current set of recommendations, will be discussed at the June 16th QAS meeting)

Guiding Principles Established by the QA Subcommittee

- Except for participation bonuses, only agencies selected in the Food Stamp QC sample are considered for either a bonus or a sanction pass-through
- If you share in the pain you share in the gain, all agencies selected in the sample share in the sanction (if responsible for the error) and share in the bonus (if responsible for the correct case)
- No Food Stamp sanction in 2004 pass-through for local agencies
- If there is no sanction or bonus to Wisconsin, there is no sanction or bonus pass-through to the local level

Background Information

Review of bonus pass-through information is contained in Chart 1. Sanction (APE) information is contained in Chart 2 using the new sanction method. Baseline data from FY 2001 and FY 2002 are used as examples for the recommendations.

Recommendations

- 1. Only APE errors are counted in a sanction pass-through to the local agencies, not agency errors (non-APE). For example, Milwaukee County had several Food Stamp payment errors that were defined as agency (non-APE) errors due to documentation problems between the W-2 agency and Milwaukee County. Only APE errors will be part of the sanction.**
- 2. Only agencies selected in the sample will be part of any sanction pass-through. Ten small agencies were not part of the FFY 2001 sample.**

3. **All local agencies with APE errors will assume liability for a sanction pass-through. Liability for sanctions is no longer restricted to local agencies with a QC sample of 30 or more cases selected in a program year. In FY 2001 five agencies had a sample of 30 or more cases.**
4. **There is a maximum APE pass-through at a range between 1%-5% of the agencies budget (final % to be determined).**
5. **The sanction pass-through liability is based on the specific APE dollars determined with QC data. No initial comparison is made to the federal tolerance level. For example, using FY 2001 data and the new method of calculating the liability:**
 - **ABC County had four cases sampled with no APEs and a liability of \$0.**
 - **EFG County had APEs totaling \$133 and would have incurred a liability of \$7,049 (\$133 x \$53 agency APE penalty). The APE multiplier is \$53.**
 - **HIJ County had APEs totaling \$43 and would have incurred a liability of \$2,279 (\$43 x \$53 agency APE penalty). The APE multiplier is \$53.**
6. **For payment accuracy bonus pass-through, use a calculation applied to the dollars issued for the correct cases for each local agency selected in the sample to determine the agency's percentage of total dollars issued for correct cases. The agency would receive that percentage of the bonus pass-through. For example, using FY 2002 data for correct cases and a pass-through of \$1 million:**
 - **KLM County, with 5.6% of the correct case allotment total, would have received \$55,998**
 - **NOP County, with 1.37% of the correct case allotment total, would have received \$13,689**
 - **QRS County, with 45.39% of the correct case allotment total, would have received \$453,898**
7. **DHFS will retain 50% of most bonuses to implement statewide initiatives or offset state payment accuracy costs.**
8. **IM contract language should contain broad earmarking language, e.g. "used to fund local agency resources necessary to the administration of IM programs." This would allow the bonus funds to be matched with federal \$.**
9. **The same methodology (number of correct cases) would be applied to a bonus pass-through associated with Food Stamp negative error rate improvement. The state would retain 50% of bonus dollars earned. The pass-through formula would be applied to the remainder.**
10. **For Food Stamp participation bonuses, the state will retain 50% of bonus dollars earned, but the remainder would be passed through to each local agency as a percentage of their caseload. Using FY 2001 caseload data and a pass-through of \$1 million:**

- **TUV County, with .36% of the caseload, would receive \$3,628**
- **WXY County, with 50.17% of the caseload, would receive \$501,698**
- **ZZZ County, with 3.66% of the caseload, would receive \$36,618**

11. 100 percent of any bonus dollars earned in the timely processing of Food Stamp applications would be passed-through to the local agencies. Bonuses would be distributed based on individual local agency performance as demonstrated in QC data. Baseline data is starting with FY 2003 QC reviews.

Chart 1 Summary of High Performance Bonuses for FY 2003

Performance Measures	Funding Available	Measurement Method	Criteria for the First Set of Bonuses	FY 2001 Data	Criteria for the Second Set of Bonuses	FY 2001 Data	Wisconsin Status & Implications
Payment Accuracy	\$24 million	QC data	7 with the lowest payment error rate	The seven lowest rates ranged from 2.11%-4.62%	3 with the most improved payment error rate	The three most improved rates are: 5.39%, 4.91% and 3.74% reduction.	FY 2001: National average-8.66% Wisconsin rate-13.14% FY 2002 rate=12.3% (10/01-9/02), unregressed. A 5% reduction is needed to avoid a sanction.
Negative Error Rate	\$6 million	QC data	4 with the lowest payment error rate	Five states were under 1%	2 with the most improved payment error rate	The two most improved rates are a 8.56% and 7.83% reduction	FY 2001: National average-8.30% Wisconsin rate - 14.16% FY 2002 Wisconsin rate - 8.69%, a 5.47% reduction
Participation Rate	\$12 million	Ave. mo. participation divided by the no. of people below poverty level using previous year's data	4 with the highest participation rate		4 with the most improved participation rate		FNS data for FY 2001: Wisconsin ranks in the middle @ 55% participation, but is one of the top four for improvement @ 16%. If bonus awards were do last year, Wisconsin would have received some.
Application Processing Timeliness	\$6 million	QC data starting with FY 2003 reviews: 30 day standard processing time and 7 days for expedited services	6 states with the highest percentage of timely processed applications	No QC data available	None		

Chart 2 Agency Preventable Error Comparison: Current vs. Adjusted for Law Change

	Sanction	\$ in error	APE*	% of \$ in error	APE related sanction	Agency APE**
Current Method	\$2,877,550	\$20,692	\$8,070	39%	\$1,122,261	\$139
Adjusted Sanction Using New Rules	\$1,088,518	\$20,692	\$7,380	36%	\$388,230	\$53

*Current method uses all agency error. The adjusted method uses APE errors only.

**The current APE penalty is based on a three-year average of Agency APEs = \$93 and applies to only agencies with samples greater 30 cases/yr
The adjusted APE penalty is the current year only at \$53.